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REPORT OF THE MEETING OF CIVIL AVIATION GOVERNMENTAL EXPERTS AND THE AIRLINES EXPERTS

Yamoussoukro (Côte-d'Ivoire)
3-5 October 1988

LC/NAIROBI.

A. ORGANIZATION

1. The meeting of Civil Aviation Experts and Airline Experts was held in Yamoussoukro (Côte-d'Ivoire) from 3-5 October 1988.

B. ATTENDANCE

2. Representatives of the following member States of the Economic Commission for Africa participated in the meeting: Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Central African Republic, Congo, Côte-d'Ivoire, Egypt, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Liberia, Libya, Madagascar, Mali, Mauritania, Mauritius, Morocco, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Swaziland, Tanzania, Togo, Tunisia, Uganda and Zaire.

3. The meeting was also attended by representatives of the following African intergovernmental organizations: the Organization of African Unity (OAU), the African Airlines Association (AFRAA), l'Agence pour la Sécurité de la Navigation aérienne en Afrique et Madagascar (ASECNA), the African Development Bank (ADB), the African Civil Aviation Commission (AFCAC), the Economic Community of West African States (ECOWAS), the Multinational Civil Aviation Training Centre (CMFAC), the Central African Customs Economic Union (UDEAC), and the Mano River Union (MRU).

4. The International Civil Aviation Organization (ICAO), and the International Air Transport Association (IATA) participated in the meeting as observers.

C. OPENING OF THE MEETING

5. After thanking the Government and people of Côte-d'Ivoire for the welcome as well as all the participants for their availability, the Director of the Transport, Communications and Tourism Division of ECA introduced the discussions by first of all recalling the consequences of deregulation of air transport in the USA as well as measures being contemplated in Europe towards the liberalization of air transport in 1992. He pointed out that such liberalization would have serious consequences for Africa.

6. The Director invited the experts to propose a policy likely to change the African air transport environment with a view to adapting it to new realities. The proposals contained in the working papers included, inter alia, those concerning a new African aeronautical policy, the merging of airlines and the financing of aeronautical activities in Africa. He emphasized the need to establish a mechanism for the follow-up of the measures to be adopted by the Ministers, which should be included in the draft Declaration to be submitted to the Ministers for their approval.

7. In his address at the opening ceremony, the representative of the Organization of African Unity highlighted the changes taking place in the field of international civil aviation as the century was drawing to a close.

8. He mentioned the challenge for the continent of new technologies and the world reorganization of international air transport and urged participants to transcend their national interests and to be interdependent in order to achieve the common destiny of the continent in this field.

9. The speaker also paid tribute to the authorities of Côte-d'Ivoire for their initiative to host the Conference and conveyed to them the deep appreciation of the OAU General Secretariat.

10. The Director General of the "Agence nationale des aérodromes et de la météorologie" (ANAM) and Adviser to the Minister of Public Works and Transport of Côte d'Ivoire, welcomed the participants on behalf of the Minister to the native village of the Father of the Ivorian Nation, His Excellency Felix Houphouet-Boigny, President of the Republic of Côte-d'Ivoire.

11. He highlighted the cooperation efforts made by his country in the field of civil aviation since 1959 and indicated that Côte d'Ivoire was open to international cooperation.

12. He also stated that his country was following with interest the momentous changes occurring in international civil aviation, and that air transport was a multidisciplinary activity in which thorough specialization was required and that there was no place for amateurism.

13. He suggested that, in the search for solutions to the problems of development of African air transport, there should be clarity of ideas, intellectual honesty and African solidarity without which nothing viable could be achieved.

14. In conclusion he declared the meeting open.

Election of the Bureau (Agenda item 2)

15. The meeting elected the following Bureau:

Chairman:	Côte-d'Ivoire
First Vice-Chairman:	Morocco
Second Vice-Chairman:	Botswana
First Rapporteur:	Zaire
Second Rapporteur:	Ethiopia

Adoption of the agenda and work programme and election of the a drafting committee (Agenda item 3)

16. The meeting adopted the following agenda:

1. Opening of the meeting
2. Election of the bureau
3. Adoption of the agenda and work programme and election of a drafting committee
4. Introduction of and debate on the documents:

    (a) The International Air Transport Environment and Basic Principles of African Air Transport;

    (b) Guidelines for a new African Air Transport Policy;

    (c) Airline Mergers;

    (d) Financing of Aeronautical Activities in Africa;

5. Adoption of the draft Declaration of Ministers and the report

6. Closure of the meeting.

17. A drafting committee consisting of Algeria, Gabon, Kenya, Senegal, Swaziland and Tunisia as well as OAU, AFCAC, AFRAA and ECA for the purpose of drafting a Declaration was also elected.

D. ACCOUNT OF PROCEEDINGS

Introduction of and debate on the documents (Agenda item 4)

18. Due to the fact that some items were related, the Meeting requested that they be introduced and discussed together. This was then done in respect of the documents dealing with international air transport environment and the guidelines for a new African air transport policy:

(a) The International Air Transport Environment and Basic Principles of African Air Transport

(b) Guidelines for a New African Air Transport Policy

19. In the presentation of document E/ECA/TRANS/69, a member of the ECA Secretariat first of all gave a historical background of the regulations of international air transport, (which date back from 1944) and highlighted the two trends which prevailed at that time, namely, liberalism and strict regulation.

20. He then referred to the new policies which were being developed in other parts of the world and which would have a negative impact on African air transport if concerted action was not taken in response to them. In this connection, he analyzed the effects of deregulation in the USA, liberalization of air transport in Europe and the introduction of computerized reservation systems whose effect is to control markets.

21. Although there had previously existed policies formulated by African States, such as the Lagos Plan of Action and the Declaration of General Policy in the field of Civil Aviation, he stated that these were not appropriate for meeting the challenge posed by the changes going on in international air transport and, therefore, it was necessary to adopt a new policy.

22. To conclude, he recommended that this policy be based on pooling of resources for the joint operation of international services, the adoption of a common stand, integration of airlines, and co-operation in the financing of aeronautical activities.

23. Introducing document E/ECA/TRANS/65, the ECA representative highlighted the inadequacies and shortcomings of the two policies adopted up to now for the development of African air transport, namely, the Lagos Plan of Action and the Declaration of General Policy in the field of Civil Aviation.

24. It was therefore necessary to adopt a new policy and, in this connection, he made suggestions concerning the basic elements of this policy and indicated the problems to be solved beforehand.

25. A debate on these documents followed during which comments were made on their quality and the timeliness of the issues they treated. The general consensus was that the documents were of a high standard. Most delegations also agreed with the recommendations made in the documents and in so doing reinforced them with their own perception of the problems confronting the development of African international air transport such as the overemphasis on national sovereignty.

26. It was pointed out that a number of efforts had previously been made to address the main issues but problems still remained. For instance, the Convention on the African Air Tariff Conference still had very few signatories. Other problems were that African airlines needed to be commercially-oriented; they were very small in size; their share of the international market was also very small, and their fleets were obsolete.

27. Some proposals for new policy directions were made. It was suggested, for example, that since the exchange of the fifth freedom traffic rights always had to be reciprocated and that it was often very difficult to obtain reciprocity, it would be better to adopt a liberal policy with regards to the exchange of this type of traffic rights without insisting on reciprocity. Concerning the problem posed by the computerized reservation system (CRS), it was suggested that it would be beneficial for African airlines to collectively negotiate the terms for the use of one of the existing systems so as to obtain the most favourable terms. It was, however, recognized that the success of the commitment to a common aeronautical policy would depend on the support given to it and it was, therefore, necessary to look not only at the commitment but at the necessary resources as well.

28. It was also suggested to set up an African airworthiness control agency which would make it possible to better monitor the negative aspects of any possible liberalization move and facilitate the regrouping of African airlines. It was suggested that it would be a good idea if Ministers met regularly, for instance every two or three years, to assess the progress being made in the implementation of the decisions of the Special Conference. In order to ensure that such implementation proceeds smoothly, it was essential to provide for a mechanism for it in the draft Declaration.

(c) Merging of airlines

29. A member of the secretariat introduced document E/ECA/TRANS/67 on the subject.

30. In the introduction, the document pointed out the fundamental changes taking place in international air transport, especially the emergence of the phenomenon of airlines merging into much bigger ones, the so-called mega airlines, which had started in the United States and was catching on in Europe as well. Large airlines had several advantages which were elaborated in the document. The document went on to discuss the environment of African air transport, pointing out the major problems which were then individually treated in detail.

31. The document then went on to make comparisons between African airlines and those of other regions, which showed African carriers in very poor light, especially with respect to productivity. An examination was also made of measures taken by airlines in other parts of the world in response to the changes taking place in international air transport.

32. Past African efforts in airline cooperation were recounted and in order to counter suggestions that recommendations to undertake new efforts in the light of past failures were unrealistic, the documents analyzed the two cases of East African Airways and Air Afrique and came to the conclusion that the collapse of the former and the difficulties being experienced by the latter were not necessarily causes for dismay, as their circumstances were unique. The document pointed out that, indeed, several new co-operative ventures were either under way or being contemplated.

33. Finally, the document recommended integration as the best solution that would ensure the survival of African airlines in the face of overwhelming competition from the mega carriers of America and Europe; in doing so it enumerated the implications of mergers and proposed an approach based on the attainment of a complete merger in four phases.

34. A list of recommendations concluded the paper, among which were that a mechanism for implementing the decisions of the Special Conference should be established and a timetable set up for their complete implementation.

(d) Financing of aeronautical activities

35. In his introduction, a member of the Secretariat first of all referred to the economic situation of Africa and mentioned the strategies adopted with a view to improving it.

36. He indicated that in view of this situation almost all African airlines were operating at a loss and that experience gained during the Transport and Communications Decade in Africa had shown that donors' support for air transport projects was poor.

37. He indicated that, considering this difficult economic situation of African countries and the problems faced by their airlines, analysis of the various conventional funding formulae showed that the lease-financing formula was the most appropriate for the purchase of aircraft.

38. Finally, he indicated that lessons drawn from the experience of African countries in financing showed that a change of attitude and method was necessary and suggested several recommendations, among them pooling and consultation in the field of financing, the setting up of a leasing company, the improvement of management of African Airlines, the involvement of private banks and the role that ADB and African govenments should play.

39. During the debate following the introduction of the documents on the merging of airlines and the financing of aeronautical activities in Africa, several delegations, as in the earlier two documents, commended the high quality of the documents and agreed in principle with the recommendations contained therein. However, specific comments were made in order to enrich the documents and recommendations to be made to the Ministers.

40. The meeting noted that the Conference of Ministers of Transport, Communications and Planning held in Kinshasa in March 1988 had mandated the present Conference to deal with the question of aircraft noise restrictions as they seriously affect African airlines. The noise aspect had, however, not been dealt with and emphasized in the documents, whereas the enforcement of Annex 16, Chapter 3 of the Chicago Convention might adversely affect the majority of African airlines especially by the lowering of the value of their fleets which might ensue. It was recommended, therefore, that African countries should take a harmonized and united stand during the ICAO Assembly scheduled for 1989 and that, in addition, they should avoid the importation into Africa of aircraft that do not comply with noise standards in force.

41. With regard to the work being carried out by ICAO on the multilateral code of conduct for the use of the computerized reservation systems, African countries should similarly harmonize their stand on all the issues covered by the code, including the sharing of traffic.

42. On the issue of the effects of airline integration on national airlines, the meeting was of the view that the national airlines would continue to operate on domestic and regional routes as is the case with some countries which are members of Air Afrique, for instance. Integration would apply largely to international long-haul routes.

43. The process proposed for the integration of African airlines as recommended was generally accepted by the meeting. However several delegations were of the opinion that what was required immediately was the liberalization of traffic rights within Africa without attaching to the reciprocity principle all the importance it has been given so far. It was stressed that some neighbouring countries needed to open their borders as a first step with a view to developing traffic between them.

44. One delegation objected to having a Central Administration once groupings were formed as many such organizations already existed. Instead it was felt that specialized committees would be more effective.

45. With respect to the phasing of the integration of airlines, several delegations felt that phasing should be treated with caution as this could disrupt the present co-operation arrangements. In this connection, one delegation proposed that there should be three groups for the purpose of airline integration in Africa, i.e. in North Africa, West and Central Africa and Eastern and Southern Africa.

46. All delegations who took the floor recognized the worsening economic situation in Africa and hence the financial difficulties of the airlines. However, most delegations were of the opinion that priority should be accorded to financing of aeronautical activities if air transport was to play its proper role in the development of the continent. Some delegations felt that more African private capital should

be used to finance aeronautical activities in Africa. In addition, closer co-operation among airlines in the field of maintenance facilities, liberalization of traffic rights, etc. should improve the viability of most airlines. The meeting also noted that the ADB group supported the recommendations made in the documents and had renewed its readiness to participate in the actual implementation of the recommendations to be taken by the Conference.

47. One delegation was of the opinion that in order to give the decisions of the conference more political weight, they should be endorsed by the OAU summit of Heads of State and Government.

48. The meeting noted that in order to achieve the integration of African airlines under the best possible conditions, it was necessary that management was such that it would assure financial reorganization and the profitability of each airline. To this end, the policy of establishing a contract programme between the State and its national airline adopted by some countries should be generalized throughout the continent.

49. For the general information it was stated that in the Eastern and Southern African co-operative efforts, Lesotho and Swaziland had joined the other States of Tanzania, Uganda and Zambia in signing the Declaration for joint ownership of a multinational service.

50. As regards future prospects for African air transport, the meeting acknowldged the need to develop mass tourism by using special fares, insofar as this type of tourism could be an excellent source of hard currencies.

51. Some delegations expressed the view that the transfer of funds from one country to another should be facilitated with a view to intensifying co-operation between African airlines.

52. One of the major issues which the meeting considered was the need for good management and continuity of the same. The instability of higher levels of management of African airlines, its lack of professionalism and its poor performance were among the factors responsible for the airlines' own poor performance.

53. On the issue of the development of infrastructure it was recognized that Africa had some of the most inadequate facilities, a fact which inhibited the optimum development of air transport. Governments should, therefore, pay particular attention to the development of infrastructural facilities.

54. The attention of the meeting was drawn to some of the main issues and events in air transport being considered at various fora. These included the studies on a code of conduct for the use of CRS, the high fares in Africa which hinder the development of air transport in the continent, and issues related to airports and air space which are to be discussed at the ICAO Assembly in 1989.

55. After a lengthy discussion the meeting came to the following conclusions and made the following recommendations:

(i) the consensus was that the trend towards groupings was acceptable and inevitable in the face of the challenges facing Africa. While new agreements among African airlines were to be encouraged, caution was needed in the phasing of airline integration in view of present co-operative arrangements.

(ii) A mechanism was required for the implementation of the decisions arrived at by the Ministers of Civil Aviation. It was necessary for the Ministers to meet again in two to three years time to review the progress made in the implementation of the decisions and projects.

(iii) Common African positions and policies were needed in negotiations with other parties particularly regarding aircraft noise standards, the use of computerized reservation systems, capacity and scheduling, etc....

(iv) Concerning traffic rights, more flexibility is required as regards the fifth freedom with a view to ensuring the commercial viability of airlines and developing traffic between African countries. It was also emphasized that traffic between neighbouring countries needed to be developed.

(v) The African entities and institutions dealing with air transport and civil aviation should be developed and the existing ones strengthened.

(vi) Management of airlines should be based on professional competence. Government interference in this respect should be minimized as it sometimes results in the instability of top management.

(vii) Financing of air transport activities should be developed through leasing and lease-financing arrangements. African private investment in air transport should also be encouraged.

(viii) The development of infrastructure and facilities should be given priority for the optimum development of African air transport, which is one of the foundations of any viable economic development.

(ix) There is the need to improve safety standards in air transport operations.

(x) It is necessary to harmonize national laws relating to civil aviation in order to enhance cooperation in fields such as personnel licensing, airworthiness control and aircraft maintenance.